

UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF CALIFORNIA

JOSEPH V. KAPUSTA,

NO. CIV. S-03-1232 LKK

Plaintiff,

v.

GALE CORPORATION,

O R D E R

Defendant.

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This case is on remand from the Federal Circuit, which vacated this court's previous Claim Construction Order. Pending before the court now are plaintiff's three motions for summary judgment and defendant's motion for summary judgment. First, plaintiff argues that it is entitled to summary judgment on the issue of infringement. Second, plaintiff contends that defendant should be precluded from arguing that plaintiff's patent is invalid because defendant will be unable to establish the level of ordinary skill in the art. Third, plaintiff argues that its patent cannot be invalidated on grounds of

1 anticipation, because none of defendant's prior art references  
2 disclose each and every limitation of plaintiff's patent. Last,  
3 defendant claims that plaintiff's patent is invalid because he  
4 abandoned the application and that the patent is unenforceable  
5 because of inequitable conduct.

6 For the reasons set forth below, the motion for  
7 infringement is granted; the motion for no invalidity under §  
8 103(a) is denied; the motion for no invalidity under § 102(b) is  
9 granted in part and denied in part; and the motion for summary  
10 judgment of patent invalidity and unenforceability is denied.

## 11 I. Facts

12 Plaintiff Joseph Kapusta has brought an action for patent  
13 infringement against defendant Gale Corporation. At issue are  
14 Kapusta's patent, U.S. Patent 6,043,663 (the "'663 patent"), and  
15 Gale's Pocket Toners 1, 2, and 6 (collectively, the "accused  
16 products"). The patented invention relates to devices that  
17 detect malfunctions in coaxial cables. The court previously  
18 issued a Claim Construction Order on August 4, 2004 construing  
19 the '663 patent and, specifically, the meaning of the phrase  
20 "hand-grip size case." The Federal Circuit vacated that order  
21 on November 15, 2005, and the matter is now before the court on  
22 remand. Kapusta v. Gale Corp., No. 05-1091, slip op. at 10  
23 (Fed. Cir. Nov. 15, 2005).

## 24 A. Infringement

25 Kapusta first moves for summary judgment with respect to  
26 infringement. The threshold and ultimately determinative issue

1 with regard to this motion concerns the parties' Stipulation for  
2 Entry of Final Judgment of November 2, 2004, as that document  
3 dictates what facts remain in dispute. The parties submitted  
4 their stipulation after this court issued its Claim Construction  
5 Order construing the term "hand-grip size case." Paragraph six  
6 of the stipulation states that "[t]he parties agree that each  
7 claim element specified in claims 1, 2 and 3 of the '663 patent,  
8 other than the term 'hand grip size case' described in paragraph  
9 5 above, are present in the Gale Pocket Toner products." Pl.'s  
10 Statement of Undisputed Fact ("SUF") 3. Gale does not dispute  
11 this statement to the extent that it was qualified and  
12 contingent upon this court's Claim Construction Order. However,  
13 it contends that the stipulation was voided once the Federal  
14 Circuit vacated that order.

15 There is no dispute that at least certain stipulations were  
16 made expressly contingent upon the non-reversal of this court's  
17 claim construction. For example, paragraph five of the  
18 stipulation states that:

19 The parties stipulate if the claims of the '663 patent  
20 are interpreted as specified in the claim construction  
21 order dated August 5, 2004, then the Gale Pocket Toner  
22 products . . . do not infringe claims 1-3 of the '663  
patent, because they do not fall within the scope of  
the Court's interpretation of the term "hand grip size  
case."

23 Likewise, paragraph seven states:

24 Because the parties hereby stipulate to judgment of  
25 non-infringement based on the Court's claim  
26 construction ruling, the remaining claims and issues  
in Kapusta summary judgment motion and in this action  
are moot and can be dismissed. If the United States

1 Court of Appeals for the Federal Circuit reverses the  
2 Court's claim construction, then Gale may proceed with  
3 its defense of invalidity and unenforceability on  
remand.

4 Gale takes the position that paragraph six, like paragraphs five  
5 and seven, was also conditioned upon the continued operation of  
6 this court's Claim Construction Order. Because the Federal  
7 Circuit vacated that order on November 15, 2005, the court must  
8 now determine the nature of the stipulation.

9 **B. Expert Reports**

10 The second major issue before the court pertains to expert  
11 reports. Kapusta contends that Gale will be unable to provide  
12 expert testimony regarding a critical element in its defense  
13 that the patent is invalid. This court's Status (Pretrial  
14 Scheduling) Conference order from March 20, 2006 instructed that  
15 "the written report specified in Fed. R. Civ. P. 26A2B shall be  
16 filed not later than thirty (30) days [after the deadline for  
17 expert designation]." Order at 2. Thus, in this case, expert  
18 reports were due no later than May 19, 2006. Pl.'s SUF 2.  
19 However, an expert witness for defendant, Mr. Robert Gale,  
20 failed to provide plaintiff with an expert report. Pl.'s SUF 3.  
21 The parties disagree as to whether Mr. Gale was required to  
22 submit such a report under Rule 26.

23 Moreover, the parties dispute whether Mr. Gale was the only  
24 technical expert identified by defendant to testify. Def.'s SUF  
25 1. Defendant notes that it previously identified Mark Scheitrum  
26 as one of its technical experts and mailed Mr. Scheitrum's

1 expert report to plaintiff on April 23, 2004. Finnerty Decl. in  
2 Support of Def.'s Opp'n to Pl.'s Mot. for Summ. J. ("Finnerty  
3 Decl."), Exhs. A, B. Mr. Scheitrum's report stated: "The  
4 electrical knowledge and skill required . . . was known to the  
5 vast majority of electrical engineers and technicians for many  
6 years prior to the filing of the Kapusta Patent." Id., Rep. at  
7 3-4. Kapusta disputes whether this statement is sufficient to  
8 establish the level of ordinary skill in the art, which Gale  
9 needs in order to prove invalidity under 35 U.S.C. § 103(a).

#### 10 **C. Prior Art References**

11 The third major issue before the court pertains to prior  
12 art. The parties dispute whether two prior art references  
13 anticipate Claims 1 and 3 of the '663 patent, thereby rendering  
14 them obvious and invalid. The first prior art reference is U.S.  
15 Patent No. 4,281,283 issued to Ross et al. ("Ross"). The  
16 parties dispute whether Ross discloses or illustrates "a test  
17 circuit comprising . . . a first probe and a second probe,  
18 wherein said first probe and said second probe comprise a  
19 central conductor and surrounding shield, respectively, of a  
20 test circuit connector which is releasably connectable to a  
21 coaxial cable connector mounted on a first end of the coaxial  
22 cable to be tested." Def.'s SUF 6. They also dispute whether  
23 the Ross reference discloses "a device capable of generating a  
24 signal in response to a completion of a circuit involving said  
25 first test circuit, said test circuit and the coaxial cable to  
26

1 be tested," as well as whether a "third probe" or "fourth probe"  
2 is disclosed. Def.'s SUF 13.

3 The second prior art reference is U.S. Patent No. 4,553,085  
4 issued to Canzano ("Canzano").<sup>1</sup> Gale disputes whether Canzano  
5 discloses or illustrates "a test circuit comprising, in series,  
6 a battery, a device capable of generating a signal in response  
7 to completion of said circuit, a first probe and a second  
8 probe." Def.'s SUF 8. However, Gale disputes this fact only to  
9 the extent that it is determined that its accused products  
10 infringe any claim of the '663 patent. Id. Gale does not wish  
11 to dispute this fact to the extent that the accused products do  
12 not infringe the '663 patent. Put directly, Gale's wishes in  
13 this regard are irrelevant: the court will examine the evidence  
14

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15  
16 <sup>1</sup>Kapusta moved for summary judgment that the Canzano reference  
17 did not anticipate the '663 patent. One of the reasons cited was  
18 that Canzano discloses a parallel circuit, whereas the '663 patent  
19 discloses a series circuit. Gale argued that if this is true, then  
20 Gale's accused products do not infringe, because they also use a  
21 parallel circuit. The standard for evaluating anticipation is the  
22 same as that for evaluating infringement.

23 Kapusta made this damaging argument because of the  
24 stipulation. Gale already conceded that the accused products met  
25 every limitation in the '663 patent but for the "hand grip size  
26 case" limitation.

Gale, recognizing the potential double-bind for itself,  
attempted to provisionally dispute whether Canzano disclosed the  
series limitation. It disputed this fact only to the extent that  
the accused products were found to infringe. If the accused  
products were found to infringe, then it could argue that Canzano  
disclosed a series circuit, because the court would have  
necessarily found, in the infringement analysis, that the accused  
products contained a series circuit. If the accused products were  
found not to infringe, however, then it was willing to concede  
Kapusta's point that the Canzano reference actually disclosed a  
parallel circuit.

1 proffered, and if it suggests a dispute of material fact, then  
2 summary judgment must be denied.

3       The remaining prior art references discussed by the parties  
4 are undisputed. These include U.S. Patent No. 1,372,570 to  
5 Smith ("Smith"), U.S. Patent No. 2,459,351 to Weincord  
6 ("Weincord"), and U.S. Patent No. 2,413,484 to Berger  
7 ("Berger"). It is undisputed that Smith, Weincord, and Berger do  
8 not disclose the "test circuit comprising . . ." limitation.  
9 Def.'s SUF 2, 4, 10. Furthermore, it is undisputed that these  
10 references do not disclose the "device capable of generating a  
11 signal . . ." limitation. Def.'s SUF 11-12, 14. Nevertheless,  
12 Gale notes that these limitations would have been obvious to a  
13 skilled artisan. Def.'s SUF 2, 4, 10-12, 14.

#### 14 **D. Abandonment & Inequitable Conduct**

15       Last, Gale moves for summary judgment on the grounds of  
16 abandonment and inequitable conduct. At issue is Kapusta's  
17 conduct during the pendency of his application. The facts here  
18 are mostly undisputed. On October 13, 1983, Kapusta filed an  
19 application for a patent with the Patent Office. Def.'s SUF 3.  
20 Soon thereafter, in 1983-84, Kapusta entered into an agreement  
21 with a company, Lemco, that would manufacture and distribute a  
22 product believed to be covered by the pending application, and  
23 began to receive royalty payments pursuant to this agreement.  
24 Def.'s SUF 4-5.

25       In September of 1984, Kapusta was diagnosed with kidney  
26 cancer, and his right kidney was removed as a result. Def.'s

1   SUF 6. As a result of financial losses caused by the cost of  
2   his cancer treatment, Kapusta lost both his house and his  
3   business. Def.'s SUF 7. Thereafter, in June 1985, he moved in  
4   with family. Id.

5       On November 1, 1985, the Patent Office issued a final  
6   office action in the prosecution of the application. Def.'s SUF  
7   8. In late 1985, Kapusta's patent attorney, Walter Spruegel,  
8   told Kapusta that there was a possibility that the application  
9   could go abandoned if further action was not taken, although it  
10   is unclear whether he was referring to the final office action,  
11   or whether he had even received the final office action. Def.'s  
12   SUF 9. In response, Kapusta instructed Spruegel, who was in his  
13   late eighties at this point, to "delay taking any action 'as  
14   long as you can.'" Id. Kapusta has declared that when he said  
15   this, it was his intention to delay the prosecution as long as  
16   legally possible without abandoning the application. Kapusta  
17   Decl. in Support of Pl.'s Opp'n to Def.'s Mot. for Summ. J.  
18   ("Kapusta Decl.") at ¶ 5.

19       Kapusta then stopped receiving phone calls from Spruegel in  
20   1986 without explanation. Def.'s SUF 10. On June 10, 1986, the  
21   Patent Office issued a Notice of Abandonment that the  
22   application had become abandoned due to Kapusta's failure to  
23   respond to the office action of November 1, 1985. Def.'s SUF  
24   12. In 1988, Spruegel died. Def.'s SUF 13. However, Kapusta  
25   did not learn of this until 1989, when he attempted to contact  
26   Spruegel regarding the status of his application. Def.'s SUF



1 14. Kapusta asserts that from 1989-90, he tried to contact  
2 Spruegel's widow to obtain his file but was unable to locate  
3 her. Def.'s SUF 15. Indeed, Kapusta alleges that he first  
4 learned of the abandonment when he contacted the Patent Office  
5 himself in late 1990 or early 1991, at which point the officials  
6 there recommended that he retain an attorney to assist with the  
7 revival of the application. Def.'s SUF 18.

8 On October 28, 1991, Kapusta filed a petition to revive the  
9 application through his newly appointed counsel on the grounds  
10 that the application's abandonment was unavoidable. Def.'s SUF  
11 22. In support of his petition, Kapusta provided an affidavit  
12 stating that the loss of communication between him and Spruegel  
13 was caused by (1) Kapusta's cancer, (2) his financial losses,  
14 and (3) possibly Spruegel's old age and the fact that he was  
15 working out of his house. Def.'s SUF 24. On December 17, 1991,  
16 the Patent Office dismissed Kapusta's first petition. Def.'s  
17 SUF 25. In doing so, it noted that Kapusta lacked "an adequate  
18 verified showing of the cause of the unavoidable delay." Def.'s  
19 SUF 26. Specifically, the Office required Kapusta to submit (1)  
20 a statement by all persons with knowledge of the cause of delay;  
21 (2) a showing of the responsible person's financial condition  
22 that caused the unavoidable delay in payment of the fee; and (3)  
23 a nexus between the lack of diligence in filing a timely  
24 petition to revive and the asserted financial difficulty. Id.

25 After this office decision, Kapusta learned that Spruegel's  
26 widow had died, Def.'s SUF 27, and that Spruegel's son had no

1 knowledge of whether anyone reviewed his father's papers after  
2 his death, Def.'s SUF 28. On March 2, 1992, Kapusta filed a  
3 renewed petition to revive the application. Def.'s SUF 29. In  
4 this petition, Kapusta informed the Office that Spruegel's widow  
5 had died, that Spruegel had no secretary or other attorney who  
6 would be knowledgeable about the case, and that Spruegel's son  
7 also did not have any knowledge regarding the delay. Def.'s SUF  
8 30. Furthermore, Kapusta submitted that his financial condition  
9 was not the direct cause of the delay in filing a response to  
10 the office action, nor was it the reason for any lack of  
11 diligence in filing the petition to revive. Def.'s SUF 31. The  
12 parties dispute whether Kapusta failed to submit this financial  
13 information because he was receiving royalties from the company  
14 Lemco in connection with the sale of products believed to be  
15 covered by the application. Def.'s SUF 34.

16 Kapusta ultimately asserted as grounds for delay: the loss  
17 of communication between him and Spruegel, caused by Kapusta's  
18 moves; the fact that Mr. Spruegel was working out of his home;  
19 the subsequent death of Mr. Spruegel; and the subsequent efforts  
20 undertaken by Kapusta to ascertain the status of his  
21 application. Def.'s SUF 32. Kapusta informed the Patent Office  
22 that financial difficulty per se was not the cause of the delay;  
23 rather, his financial condition caused him to move several  
24 times, resulting in the loss of communication with his attorney.  
25 On May 20, 1992, the Patent Office granted the renewed petition  
26 and thereby revived the application.

### III. Standards

SUMMARY JUDGMENT STANDARDS UNDER FED. R. CIV. P. 56

Summary judgment is appropriate when it is demonstrated that there exists no genuine issue as to any material fact, and that the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c); See also Adickes v. S.H. Kress & Co., 398 U.S. 144, 157 (1970); Secor Ltd. v. Cetus Corp., 51 F.3d 848, 853 (9th Cir. 1995).

Under summary judgment practice, the moving party

[A]lways bears the initial responsibility of informing the district court of the basis for its motion, and identifying those portions of "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any," which it believes demonstrate the absence of a genuine issue of material fact.

Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). "[W]here the nonmoving party will bear the burden of proof at trial on a dispositive issue, a summary judgment motion may properly be made in reliance solely on the 'pleadings, depositions, answers to interrogatories, and admissions on file.'" Id. Indeed, summary judgment should be entered, after adequate time for discovery and upon motion, against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial. See id. at 322. "[A] complete failure of proof concerning an essential element of the nonmoving party's case necessarily renders all other facts immaterial." Id. In such a circumstance, summary judgment

1 should be granted, "so long as whatever is before the district  
2 court demonstrates that the standard for entry of summary  
3 judgment, as set forth in Rule 56(c), is satisfied." Id. at  
4 323.

5 If the moving party meets its initial responsibility, the  
6 burden then shifts to the opposing party to establish that a  
7 genuine issue as to any material fact actually does exist.  
8 Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574,  
9 586 (1986); See also First Nat'l Bank of Ariz. v. Cities Serv.  
10 Co., 391 U.S. 253, 288-89 (1968); Secor Ltd., 51 F.3d at 853.

11 In attempting to establish the existence of this factual  
12 dispute, the opposing party may not rely upon the denials of its  
13 pleadings, but is required to tender evidence of specific facts  
14 in the form of affidavits, and/or admissible discovery material,  
15 in support of its contention that the dispute exists. Fed. R.  
16 Civ. P. 56(e); Matsushita, 475 U.S. at 586 n.11; See also First  
17 Nat'l Bank, 391 U.S. at 289; Rand v. Rowland, 154 F.3d 952, 954  
18 (9th Cir. 1998). The opposing party must demonstrate that the  
19 fact in contention is material, i.e., a fact that might affect  
20 the outcome of the suit under the governing law, Anderson v.  
21 Liberty Lobby, Inc., 477 U.S. 242, 248 (1986); Owens v. Local  
22 No. 169, Assoc. of Western Pulp and Paper Workers, 971 F.2d 347,  
23 355 (9th Cir. 1992) (quoting T.W. Elec. Serv., Inc. v. Pacific  
24 Elec. Contractors Ass'n, 809 F.2d 626, 630 (9th Cir. 1987), and  
25 that the dispute is genuine, i.e., the evidence is such that a  
26 reasonable jury could return a verdict for the nonmoving party,

1 Anderson, 477 U.S. 248-49; See also Cline v. Industrial  
2 Maintenance Engineering & Contracting Co., 200 F.3d 1223, 1228  
3 (9th Cir. 1999).

4 In the endeavor to establish the existence of a factual  
5 dispute, the opposing party need not establish a material issue  
6 of fact conclusively in its favor. It is sufficient that "the  
7 claimed factual dispute be shown to require a jury or judge to  
8 resolve the parties' differing versions of the truth at trial."  
9 First Nat'l Bank, 391 U.S. at 290; see also T.W. Elec. Serv.,  
10 809 F.2d at 631. Thus, the "purpose of summary judgment is to  
11 'pierce the pleadings and to assess the proof in order to see  
12 whether there is a genuine need for trial.'" Matsushita, 475  
13 U.S. at 587 (quoting Fed. R. Civ. P. 56(e) advisory committee's  
14 note on 1963 amendments); see also Int'l Union of Bricklayers &  
15 Allied Craftsman Local Union No. 20 v. Martin Jaska, Inc., 752  
16 F.2d 1401, 1405 (9th Cir. 1985).

17 In resolving the summary judgment motion, the court  
18 examines the pleadings, depositions, answers to interrogatories,  
19 and admissions on file, together with the affidavits, if any.  
20 Rule 56(c); See also In re Citric Acid Litigation, 191 F.3d  
21 1090, 1093 (9th Cir. 1999). The evidence of the opposing party  
22 is to be believed, see Anderson, 477 U.S. at 255, and all  
23 reasonable inferences that may be drawn from the facts placed  
24 before the court must be drawn in favor of the opposing party,  
25 see Matsushita, 475 U.S. at 587 (citing United States v.  
26 Diebold, Inc., 369 U.S. 654, 655 (1962) (per curiam)); See also

1 Headwaters Forest Defense v. County of Humboldt, 211 F.3d 1121,  
2 1132 (9th Cir. 2000). Nevertheless, inferences are not drawn  
3 out of the air, and it is the opposing party's obligation to  
4 produce a factual predicate from which the inference may be  
5 drawn. See Richards v. Nielsen Freight Lines, 602 F. Supp.  
6 1224, 1244-45 (E.D. Cal. 1985), aff'd, 810 F.2d 898, 902 (9th  
7 Cir. 1987).

8 Finally, to demonstrate a genuine issue, the opposing party  
9 "must do more than simply show that there is some metaphysical  
10 doubt as to the material facts. . . . Where the record taken as  
11 a whole could not lead a rational trier of fact to find for the  
12 nonmoving party, there is no 'genuine issue for trial.'"  
13 Matsushita, 475 U.S. at 587 (citation omitted).

#### 14 **IV. Analysis**

##### 15 **A. Infringement**

16 Kapusta first moves for summary judgment on the issue of  
17 infringement. Infringement is a two-step process in which the  
18 court construes the claims and the fact-finder compares the  
19 claims with the accused device to determine whether there is  
20 infringement. Rexnord Corp. V. Laitram Corp., 274 F.3d 1336,  
21 1341 (Fed. Cir. 2001). The question of literal infringement is  
22 one of fact. Kemco Sales, Inc. V. Control Paper, Inc., 208 F.3d  
23 1353, 1359-60 (Fed. Cir. 2000).

24 The main issue in dispute concerns the parties' joint  
25 stipulation. Kapusta asserts that, after this court's entry of  
26 final judgment on November 2, 2004, which incorporated the

1 parties' stipulation, the only remaining issue for the Federal  
2 Circuit was the claim construction order regarding the "hand  
3 grip size case" limitation. Paragraph 6 of the stipulation  
4 states: "The parties agree that each claim element specified in  
5 claims 1, 2, and 3 of the '663 patent, other than the 'hand grip  
6 size case' . . . are present in the Gale Pocket Toner products."  
7 Because the Federal Circuit reversed this court's claim  
8 construction with respect to the hand-grip size case limitation,  
9 Kapusta argues that there is no genuine issue of material fact  
10 that the accused products comprise all the limitations of the  
11 '663 patent.

12 In response, Gale first contends that the entire  
13 stipulation was dependent on this court's claim construction.  
14 Because the Federal Circuit vacated that claim construction,  
15 Gale takes the position that it may now dispute whether the  
16 accused products meet the other limitations of the '663 patent,  
17 i.e., those other than the hand-grip size case element. Second,  
18 Gale argues that even if it is limited to disputing the "hand-  
19 grip size case" element, that element is defined by more than  
20 merely size, and that the accused products do not possess these  
21 additional properties. Finally, Gale argues that if the court  
22 interprets the stipulation as Kapusta interpreted it, Gale  
23 should be relieved of the generally binding nature of its  
24 admissions.

### 25 **1. Interpretation of Stipulation**

26 The first task for the court is to construe the

1 stipulation. Interpretation of a stipulation is similar to  
2 contract interpretation in that both present a legal issue to be  
3 decided by the court. See Fuji Photo Film Co. v. Jazz Photo  
4 Corp., 394 F.3d 1368, 1373 (Fed. Cir. 2005).

5 As Gale notes, there is language in the stipulation  
6 suggesting that the admissions made were contingent on the  
7 court's claim construction order. For instance, paragraph five  
8 states: "The parties stipulate that if the claims of the '665  
9 patent are interpreted as specified in the claim construction  
10 order dated August 5, 2004, then the Gale Pocket Toner products  
11 . . . do not infringe." Similarly, paragraph seven states that  
12 "[b]ecause the parties hereby stipulate to judgment of non-  
13 infringement based on the Court's claim construction ruling, the  
14 remaining claims and issues in Kapusta summary judgment motion  
15 and in this action are moot and can be dismissed."

16 There are several problems, however, with Gale's reliance  
17 on these statements. One problem is that both statements appear  
18 to be contingent admissions on the part of Kapusta, not Gale,  
19 and therefore the "if" language protects Kapusta's interests,  
20 rather than Gale's. In contrast, paragraph six, in which the  
21 parties agreed that the remaining elements of the '663 patent  
22 were present in the accused products, is an admission on the  
23 part of Gale. Furthermore, given that paragraphs five and seven  
24 were expressly conditioned on this court's claim construction  
25 order being upheld, the absence of the same language elsewhere  
26 appears purposeful. Similarly, the very last sentence of the



1 stipulation reads: "If . . . the Federal Circuit reverses this  
2 Court's claim construction, then Gale may proceed with its  
3 defenses of invalidity and unenforceability on remand." It does  
4 not, notably, say anything about proceeding with other arguments  
5 of non-infringement. Finally, a plain reading of paragraph six  
6 fails to reveal any language of condition or qualification.

7        Nevertheless, it is unclear why Gale would have stipulated  
8 that all the limitations of the '663 patent were present in the  
9 accused products but for the hand grip size case. Presumably,  
10 if Gale had intended to make such a sweeping admission, it would  
11 have received something in exchange for it. Perhaps Kapusta's  
12 admissions in paragraphs five and seven served as consideration  
13 in the bargain. Alternately, perhaps the parties felt that a  
14 qualified stipulation with regard to the other limitations might  
15 jeopardize the Federal Circuit's jurisdiction to hear the case,  
16 given that its jurisdiction under 28 U.S.C. § 1295 is limited to  
17 appeals from a final judgment and after a full adjudication on  
18 the merits. See Silicon Image, Inc. v. Genesis Microchip, Inc.,  
19 395 F.3d 1358, 1362-63 (Fed. Cir. 2005) (holding that "[t]he  
20 final judgment rule cannot be satisfied by stipulation of the  
21 parties.")

22        In any event, it is not the court's role to read the  
23 parties' minds. The court can only decipher the parties' intent  
24 based on the face of the stipulation. As the Federal Circuit  
25 noted with regard to settlement agreements, "the parties were  
26 the architects of their own settlement structure. However

1 unfortunate those choices in designing their settlement  
2 agreement, these choices may not now be unilaterally undone by a  
3 court.” Id. at 1363. Similarly, Gale and Kapusta submitted a  
4 stipulation that, while not a model of clarity, appears to  
5 stipulate that the accused products meet all the limitations of  
6 the ‘663 patent but for the hand grip size case. So construed,  
7 Gale cannot now dispute that the accused products lack the  
8 remaining limitations of the ‘663 patent.

## 9       **2. Hand-Grip Size Case**

10       Gale next argues that, even if it is limited to disputing  
11 whether the accused products meet the “hand-grip size case”  
12 limitation, this term is not merely defined by its size.  
13 Rather, Gale argues that the case is also defined by a “test  
14 circuit” mounted within the case—which Gale contends is lacking  
15 in the accused products. In addition, Gale argues that even if  
16 the accused products have a “test circuit” so defined, they do  
17 not have a single case that houses both test circuits, as  
18 disclosed in Claim 3 of the ‘663 patent. While ingenious, these  
19 arguments are also precluded by the court’s order adopting the  
20 stipulation and entering final judgment for three reasons.

21       First, the order stated that the “parties agree that each  
22 claim element specified in claims 1, 2 and 3 of the ‘663 patent,  
23 other than the term ‘hand grip size case’ described\_in paragraph  
24 5 above, are present in the Gale Pocket Toner products.” Order  
25 ¶ 6. The only disputed was the term “hand grip size case” as it  
26 related to the three limitations described in paragraph five.

1 This included the limitation that the case be (1) "no smaller  
2 than the width of an adult palm, so that it can be grasped  
3 firmly in one's hand," (2) "no smaller than 1 inch in width,"  
4 and (3) "of a rectangular shape." ¶ 5. Absent from this list  
5 of limitations is any mention of test circuits, or the number of  
6 cases disclosed by the "hand grip size case."

7 Second, while claim 1 of the '663 patent discloses a "hand-  
8 grip size case in which said test circuit is mounted," the order  
9 indicates that the only issue in dispute was a "hand grip size  
10 case." It may also be inferred on this basis that the omitted  
11 text (i.e., "in which said test circuit is mounted") was not in  
12 dispute. A contrary interpretation would render the omitted  
13 text meaningless or superfluous.

14 Finally, the Federal Circuit's opinion reveals a similar  
15 understanding of the order as the one the court now adopts.  
16 First, the court construed "hand-grip size case" as "a case of a  
17 size that can be gripped in a normal hand"—nothing more and  
18 nothing else. Gale cannot now interpose its own elements in the  
19 Federal Circuit's definition of that term. Second, the court  
20 observed: "[w]hile we might . . . make our own judgment on the  
21 question of infringement, based on the record, the better  
22 practice is to have the district court make that factual  
23 determination on remand." Kapusta, slip op. at 10. In order to  
24 grant summary judgment on infringement, there must be no genuine  
25 dispute over material facts. Accordingly, if the Federal  
26 Circuit could have entered a judgment on infringement, it must

1 have necessarily assumed that the remaining limitations of the  
2 '663 patent—including the non-size based limitations in "hand  
3 grip size case"—were agreed upon.

4 Thus, in sum, the court declines to adopt Gale's  
5 interpretation of the "hand-grip size case" element as  
6 encompassing more than size-based limitations. This is based  
7 upon the language of this court's claim construction order read  
8 as a purposeful whole, the language of the '663 patent itself,  
9 and the Federal Court's understanding of the posture of the  
10 case.

### 11 **3. Relief from Admissions and/or Final Judgment**

12 Finally, Gale asks the court to relieve it from the binding  
13 nature of its admissions in the stipulation. The critical  
14 defect with this argument is that these admissions formed the  
15 basis of this court's entry of final judgment, and Rule 60(b)  
16 sets the parameters on when a court may grant relief from a  
17 final judgment. Fed. R. Civ. P. 60(b). In relevant part, Rule  
18 60(b) states that a court may relieve a party from final  
19 judgment not later than one year after entry of judgment when  
20 the reason for doing is because of mistake, inadvertence,  
21 surprise, or excusable neglect. Even assuming, arguendo, that  
22 Gale had grounds for seeking relief from final judgment, the  
23 time in which such relief could have been granted has now  
24 expired. Accordingly, the stipulation remains binding on both  
25 parties.

### 26 **4. Literal Infringement**

1 With the order and stipulation of final judgment properly  
2 construed, the court turns to the last issue of infringement.  
3 As noted earlier, infringement is a two-step process. Rexnord  
4 Corp., 274 F.3d at 1341. Given that the Federal Circuit's  
5 holding in this case completes the step of claim construction,  
6 the only remaining issue is whether there is a genuine issue of  
7 material fact that the accused products do not infringe the '663  
8 patent.

9 Kapusta has submitted sufficient evidence that there is no  
10 genuine issue here. Paragraph six in the order conclusively  
11 establishes that each element of the '663 patent is present in  
12 the accused products. The only question now is whether the  
13 accused products employ "a case of a size that can be gripped in  
14 a normal hand." Kapusta, slip op. at 10. There is little doubt  
15 that they do. Even examination of a photograph of the accused  
16 products plainly reveals that the products can be gripped in a  
17 normal hand. Simonis Decl. in Support of Pl.'s Opp'n to Def.'s  
18 Mot. for Summ. J. ("Simonis Decl."), Exh. E (photograph of  
19 accused devices next to rulers). Moreover, Kapusta's expert  
20 observed that the accused products "fit[] comfortably into the  
21 grip of the human hand." Expert Rep. of Michael DeAngeli, at 8  
22 and 12, Exh. D of Simonis Decl. This comports with Gale's own  
23 description of the PT-1, PT-2, and PT-6 models as "ergonomic" on  
24 its website. Id. As Gale has failed to produce any evidence  
25 suggesting that any of the accused products could not be gripped  
26 in a normal hand, summary judgment with respect to infringement

1 must be granted.

2 **B. Expert Reports**

3 Kapusta next moves for summary judgment on the grounds that  
4 defendant cannot establish the invalidity of the '663 patent for  
5 obviousness.

6 A patent may not be obtained . . . if the differences  
7 between the subject matter sought to be patented and  
8 the prior art are such that the subject matter as a  
9 whole would have been obvious at the time the invention  
10 was made to a person having ordinary skill in the art  
11 to which said subject matter pertains.

12 34 U.S.C. 103(a). Specifically, plaintiff argues that defendant  
13 will be unable to provide an expert who can testify as to the  
14 level of ordinary skill in the art, an element of the  
15 obviousness analysis. As described earlier, defendant's  
16 technical expert, Mr. Robert Gale, has not submitted an expert  
17 report in accordance with the scheduling order and Kapusta  
18 therefore contends that he cannot testify regarding this issue.

19 Defendant responds in three ways. First, defendant argues  
20 that it has already provided plaintiff with the expert report of  
21 another technical expert, Mark Scheitrum, who will be able to  
22 testify as to the level of ordinary skill in the art. Second,  
23 defendant argues that Mr. Gale was not required to submit an  
24 expert report under Rule 26(a)(2)(B) of the Federal Rules of  
25 Civil Procedure. Third, defendant argues that expert testimony  
26 is not required in order to establish obviousness.

With respect to the first argument, the court agrees that  
Gale's other expert, Mark Scheitrum, may testify as to the level

1 of ordinary skill in the art. Mr. Scheitrum's report was mailed  
2 to plaintiff on April 23, 2004, more than two years in advance  
3 of the court's deadline regarding the provision of expert  
4 reports. Furthermore, the report detailed Mr. Scheitrum's  
5 opinion with respect to the disputed element of nonobviousness.

6 Kapusta argues that Mr. Scheitrum's report only speaks in  
7 generalities about the ordinary level of skill in electronics  
8 testing devices. As support, he cites Ruiz v. A.B. Chance, in  
9 which the Federal Circuit held that the expert testimony at  
10 issue was not specific enough to prove the ordinary level of  
11 ordinary skill by clear and convincing evidence. 234 F.3d 654,  
12 667 (Fed. Cir. 2000). However, the report submitted by Mr.  
13 Scheitrum is not his testimony. Rather, as indicated by the  
14 plain language of Rule 26, the report need only disclose the  
15 "basis and reasons" for the opinions to be expressed. Mr.  
16 Scheitrum has done so here. Accordingly, there is a genuine  
17 dispute about the level of ordinary skill in the art.<sup>2</sup>

18 Given that defendant will be able to offer the testimony of  
19 Mr. Scheitrum, it is unnecessary to rule on defendant's third  
20 argument, that is, whether expert testimony is needed at all to  
21 prove the level of ordinary skill in the art.<sup>3</sup>

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22 <sup>2</sup>Because the court has determined Scheitrum's report satisfies  
23 the evidentiary requisite, the court need not go further.

24 <sup>3</sup>The court notes that it is doubtful that the present case  
25 would fall into any of the categories that plaintiff identifies as  
26 situations in which expert testimony is unnecessary. These include  
situations where the art is relatively simple and capable of being  
understood by a lay person—which seems unlikely given that the

### 1 C. Prior Art References

2 Kapusta also moves for summary judgment with respect to the  
3 issue of invalidity under 35 U.S.C. § 102(b), which provides,  
4 inter alia, that one may not patent an invention that was  
5 previously patented. "[A] claim is anticipated if each and  
6 every limitation is found either expressly or inherently in a  
7 single prior art reference." Celeritas Techs. Ltd. V. Rockwell  
8 Int'l Corp., 150 F.3d 1354, 1360 (Fed. Cir. 1998).

9 Specifically, Kapusta argues that the '663 patent is not  
10 anticipated by any of the prior art references identified by  
11 Gale. Gale does not dispute that three of the prior art  
12 references—Smith, Weincord, and Berger—lack certain limitations  
13 (i.e., the "test circuit comprising . . ." limitation and the  
14 "device capable of generating a signal . . ." limitation). As  
15 there is no genuine issue of material fact that these references  
16 fail to anticipate the '663 patent, summary judgment with  
17 respect to these references is proper. The remaining dispute  
18 centers on the Ross and Canzano references, and Claims 1 and 3  
19 of the '663 patent.

#### 20 1. Ross Reference

21 In its attempt to cover multiple prior art references in  
22 its initial brief, Kapusta spends a meager six sentences  
23 explaining to the court why Ross does not anticipate Claim 1.

24  
25 \_\_\_\_\_  
26 prior art consists of patents related to coaxial cable  
equipment—and situations where the level of skill is reflected in  
the prior art itself.



1 In essence, he points to his own patent, points to the Ross  
2 patent, and calls it a day, apparently expecting the court to  
3 divine from this why it should grant summary judgment. For  
4 example, Kapusta does not explain whether Ross does not  
5 anticipate the '663 patent because it fails to disclose a "first  
6 probe" and "second probe"—which it seemingly does, given that  
7 each jack in Ross has a probe connecting to the central  
8 conductor cable and a probe connecting to the cable shield—or  
9 whether it fails to anticipate because the jack is directed  
10 toward audio cables, rather than coaxial cables.

11 Kapusta attempts to retreat from this scattershot approach  
12 in his reply brief by narrowing the issue to whether the probes  
13 comprise a central conductor and surrounding shield. Not only  
14 is this too late, as it denies Gale a fair opportunity to  
15 respond, but there is a genuine dispute on the merits. At least  
16 at first blush, conductor wire 21 seems to disclose a "central  
17 conductor," and ground wire 22 seems to disclose a "surrounding  
18 shield." Ross Reference, Fig. 2 and Col. 3, lines 31-32.  
19 Accordingly, Kapusta has failed to meet his initial burden of  
20 proving that there is no genuine issue of material fact here.  
21 And, because there is a genuine issue of material fact as to  
22 whether Ross anticipates Claim 1, there is also the same dispute  
23 as to whether Ross anticipates Claim 2. See SIBIA  
24 Neurosciences, Inc. V. Cadus Pharm. Corp., 225 F.3d 1349, 1359  
25 (Fed. Cir. 2000).

26 Kapusta's argument with respect Claim 3 of the '663 patent

1 is derivative of his arguments with respect to Claim 1. He  
2 argues that because Ross fails to disclose a "first probe" and  
3 "second probe" as described above, Ross also fails to disclose  
4 "third probe" and "fourth probe" of a second test circuit that  
5 form a coaxial cable connector. However, Ross discloses two  
6 jacks—each of which contain two probes—equaling a total of four  
7 probes. *Id.* at ¶ 7-8. Again, there is at least a genuine  
8 dispute with regard to whether Ross discloses the limitations in  
9 Claim 3. Thus, summary judgment as to this issue would also be  
10 inappropriate.

## 11 **2. Canzano Reference**

12 Next, Kapusta asserts that the Canzano reference does not  
13 anticipate the '663 patent because it "fails to disclose a test  
14 circuit comprising, in series, a battery, a device capable of  
15 generating a signal in response to completion of said circuit, a  
16 first probe and a second probe." Pl.'s Mot. for Summ. J. at 7,  
17 11. The crux of the dispute is that Canzano discloses a  
18 parallel circuit, whereas the '663 patent discloses a series  
19 circuit. Kapusta argues that this difference makes it  
20 impossible for Canzano to anticipate any of the '663 claims.  
21 Kapusta has met its initial burden of proving that there is no  
22 genuine issue of material fact that Canzano does not anticipate.  
23 Canzano discloses that "[a] short indicator circuit including  
24 light and switch is connected across the battery terminals in  
25 parallel with the center conductors and ground conductors"  
26 (emphasis added). In contrast, all of the circuits in the '663

1 patent appear to employ a series configuration.

2 The burden then shifts to Gale to establish that a genuine  
3 issue of material fact actually exists. Gale couches its  
4 disagreement as contingent on the court's ruling with respect to  
5 infringement because if the court had adopted its interpretation  
6 of the stipulation, it would have caught Kapusta in a catch-22.  
7 If Canzano did not anticipate because it employed a parallel  
8 circuit, then Gale could not infringe because it too employs a  
9 parallel circuit, or so the argument would go. However, as  
10 discussed above, Gale cannot dispute that it uses a series  
11 circuit, given that it stipulated to the contrary.

12 Because the circuit with the signaling device in Canzano  
13 uses a parallel circuit, anticipation is impossible. At some  
14 point, each of the three claims in the '663 patent disclose a  
15 series circuit that includes "a device capable of generating a  
16 signal in response to completion of [the] circuit." This  
17 appears in the main text of Claim 1, is incorporated by  
18 reference in Claim 2, and is disclosed in subpart b of Claim 3.  
19 Because a prior art reference must disclose "each and every  
20 limitation" in order to anticipate a claim, Canzano cannot do  
21 so. As there is no genuine issue of material fact that Canzano  
22 does not anticipate the '663 patent, summary judgment should be  
23 granted.

#### 24 **D. Abandonment & Inequitable Conduct**

25 Last, Gale moves for summary judgment with respect to its  
26 affirmative defenses of patent invalidity due to abandonment and

1 unenforceability based upon inequitable conduct. First, Gale  
2 argues that the Patent Office's decision to revive Kapusta's  
3 application was arbitrary and capricious. The Patent Office  
4 made this decision after determining that Kapusta's delay in  
5 responding to an office action, which caused the application to  
6 be deemed abandoned, was "unavoidable." Second, Gale argues  
7 that Kapusta engaged in inequitable conduct related to the non-  
8 disclosure of financial information to the Patent Office. The  
9 court considers each argument in turn.

#### 10 **1. Abandonment**

11 This court must review decisions of the Patent Office under  
12 the deferential arbitrary and capricious standard of the  
13 Administrative Procedure Act. Ray v. Lehman, 55 F.3d 606, 608  
14 (Fed. Cir. 1995), cert. denied, 516 U.S. 916 (1995). Agency  
15 action may only be set aside if it is "arbitrary, capricious, an  
16 abuse of discretion, or not otherwise in accordance with the  
17 law." 5 U.S.C. § 706(2)(A). See also Morganroth v. Quigg, 885  
18 F.2d 843, 848 (Fed. Cir. 1989) (holding that the Patent Office's  
19 interpretation of statutory and regulatory provisions regarding  
20 abandonment and revival of patent applications is entitled to  
21 "considerable deference").

22 Accordingly, this court may "not [] substitute its own  
23 judgment for that of the agency." Ray, 55 F.3d at 608. Indeed,  
24 this court should only set aside decisions of the Patent Office  
25 if they "lack any basis in reason or common sense." Smith v.  
26 Mossinghoff, 671 F.2d 533, 538 (D.C. Cir. 1982). At the same

1 time, however, a court "should not supply a reasoned basis for  
2 the agency's action that the agency itself has not given."

3 Motor Vehicle Mfrs. Ass'n of U.S. v. State Farm Mutual Auto.  
4 Ins. Co., 463 U.S. 29, 43 (1983) (internal quotations omitted).

5 Here, Gale points out that the Patent Office's decision  
6 consisted of a single sentence, "The Petition is granted."  
7 Patent Office Decision Granting Renewed Petition, Exh. B8 to  
8 Finnerty Decl. Thus, Gale argues that because the agency has  
9 not set forth a reasoned basis for its decision, this court must  
10 set that decision aside.

11 Gale is correct with regard to the law, but incorrect with  
12 regard to the facts. First, a single sentence decision issued  
13 by an agency would typically constitute arbitrary and capricious  
14 action in violation of the APA. See Commc'ns. and Control, Inc.  
15 v. F.C.C., 374 F.3d 1329, 1335-36 (D.C. Cir. 2004) (finding that  
16 agency's departure from usual practice of correcting  
17 typographical errors for license applicants "with no  
18 explanation" was the epitome of arbitrary and capricious  
19 decision-making) (emphasis in original); Am. Tel. & Tel. Co. v.  
20 F.C.C., 974 F.2d 1351, 1355 (D.C. Cir. 1992) (finding that  
21 "conclusory assertions" by agency were arbitrary and  
22 capricious); Columbia Gas Transmission Corp. v. F.E.R.C., 448  
23 F.3d 382, 387 (D.C. Cir. 2006) ("A tight-lipped punt will not  
24 do."). While it may not be that every single agency action (or  
25 choice of inaction) must be accompanied by written explanation,  
26 here, the Patent Office was required to make a determination as

1 to whether Kapusta's delay was "unavoidable." This  
2 determination is the type of agency adjudication that warrants  
3 explanation.

4 Nevertheless, Gale's argument that the Patent Office's  
5 decision only consisted of one sentence, "The petition is  
6 granted," is taken out of context. Kapusta submitted two  
7 petitions: an initial petition on October 28, 1991 and a renewed  
8 petition on March 5, 1992. The Patent Office's decision to  
9 reject the initial petition was accompanied by a two-page  
10 decision. That decision set forth the criteria for when a  
11 petition to revive should be granted, and explained those that  
12 were satisfied in Kapusta's petition and those that were not:

13 A grantable petition to revive an abandoned  
14 application under 32 USC 122 and 37 CFR 1.137(a) must  
15 be accompanied (1) by an adequate verified showing of  
16 the cause of unavoidable delay, (2) by the proposed  
17 response to the outstanding office action, (3) by the  
18 petition fee required by law, and (4) by a terminal  
19 disclaimer and fee . . . This petition lacks items (1)  
20 and (2) above.

21 Patent Office Decision Denying Petition, Exh. B5 to Finnerty  
22 Decl. The office then explained why the items were lacking,  
23 e.g., because of the absence of a verified statement from the  
24 widow of Kapusta's attorney Spruegel, and the absence of  
25 verified financial information. Id.

26 The subsequent decision granting Kapusta's renewed petition  
should be viewed in light of the office's previous decision,  
which instructed Kapusta on how to cure the defects in his  
initial petition. While the Patent Office did not specifically

1 state in its subsequent decision that Kapusta in fact remedied  
2 the pre-existing problems, it may be fairly inferred that  
3 Kapusta did so, given that he adopted the steps recommended in  
4 the office's prior decision. This is particularly the case in  
5 light of the back-and-forth nature of the proceedings. "[A]  
6 court can uphold an agency decision 'of less than ideal clarity  
7 if the agency's path may reasonably be discerned.'" Northwest  
8 Motorcycle Ass'n v. U.S. Dep't of Agriculture, 18 F.3d 1468,  
9 1478 (9th Cir. 1994), quoting Motor Vehicle Mfrs. Ass'n, 463  
10 U.S. at 43.

11 An applicant may revive an abandoned application by  
12 demonstrating that the delay in responding to the office action  
13 was either "unavoidable" or "unintentional." 35 U.S.C. § 133;  
14 37 C.F.R. § 1.137. As noted earlier, the Patent Office issued a  
15 Notice of Abandonment after Kapusta failed to respond to its  
16 final office action, and Kapusta thereafter chose to revive his  
17 application under the "unavoidable" standard. The Patent Office  
18 evaluates these petitions for revival according to a reasonably  
19 prudent person standard. Ray, 55 F.3d at 609. Whether an  
20 application's delay in prosecuting the patent application is  
21 unavoidable "must be decided on a case-by-case basis, taking all  
22 of the facts and circumstances into account." Smith, 671 F.2d  
23 at 538.

24 In the vast majority of cases discussing what constitutes  
25 "unavoidable" delay, courts have deferred to the decisions of  
26 the Patent Office. See, e.g., Rydeen v. Quigg, 748 F. Supp.

1 900, 905 (D.D.C. 1990) (holding that the Patent Office's  
2 interpretation of "unavoidable" was not arbitrary or capricious,  
3 despite somewhat conflicting legislative history); Haines v.  
4 Quigg, 673 F. Supp. 314, 318 (N.D. Ind. 1987) (holding that the  
5 Patent Office's decision as to what constituted unavoidable  
6 delay was not arbitrary or capricious); Kim, 718 F. Supp. at  
7 1281-84 (holding that the Patent Office's decision not to revive  
8 application was not arbitrary or capricious). Of course, in  
9 most of these cases, the parties seeking review are patent  
10 applicants who have been denied revival, rather than here, where  
11 Kapusta was granted revival. Nevertheless, they are instructive  
12 of the substantial deference afforded to the Patent Office.

13 **a. Delay in Responding to Office Action**

14 While there might be situations in which it would be  
15 appropriate for a court to find the Patent Office's decision to  
16 revive an application as arbitrary and capricious, cases in  
17 which patent applicants have had to deal with cancer and the  
18 death of their attorney are not among them. First, Kapusta has  
19 pointed to a number of reasons why his initial delay in  
20 responding to the Office Action should be deemed unavoidable.  
21 For instance, his initial delay in responding to the Office  
22 Action of November 1, 1985 is explicable by his statement to his  
23 attorney to delay taking action for as long as possible, and the  
24 subsequent loss of communication between the two. While the  
25 record does not definitively reveal a reason for Spruegel's  
26 inaction, it would not be arbitrary for the Patent Office to



1 conclude that Spruegel's inaction was excusable in light of  
2 Kapusta's previous instruction, and the inability to contact  
3 Kapusta for any further clarification.

4 Even so, Gale chides Kapusta for failing to keep Spruegel  
5 apprised of his new addresses. However, in light of the  
6 circumstances, it would not be arbitrary for the Patent Office  
7 to conclude that his failure to do so was unavoidable. Even  
8 though, as Gale points out, a patent applicant is responsible  
9 for the acts or omissions of his attorney, where the attorney's  
10 actions derive from the conduct of the applicant, and the  
11 applicant's behavior is deemed unavoidable, the attorney's  
12 actions are similarly unavoidable. Additionally, it would not  
13 be arbitrary for the Patent Office to conclude that the death of  
14 Spruegel (and, presumably, his capacity in the time period  
15 preceding his death) made Kapusta's delay in responding to the  
16 Office Action unavoidable.

17 **b. Delay in Reviving Application**

18 Second, the Patent Office's conclusion that Kapusta's delay  
19 in reviving his application was unavoidable is also not  
20 arbitrary. In his renewed petition, Kapusta explained that this  
21 second delay was due to the fact that it took an extended period  
22 of time for Kapusta to learn that the application had become  
23 abandoned, to find out that his attorney had died, and to  
24 contact the Patent Office himself after several unsuccessful  
25 months of attempting to informally revive the application. In  
26 light of all these factors, this court cannot say that the

1 Patent Office's decision to grant the renewed petition "lack[ed]  
2 any basis in reason or common sense." Smith, 671 F.2d at 538.

3 Gale maintains that Kapusta's failure to initiate  
4 communication with his attorney after Kapusta stopped receiving  
5 phone calls from him demonstrates that he was not diligent in  
6 prosecuting his patent. However, Gale ignores the fact that the  
7 Patent Office could have taken into account the underlying  
8 reasons for why Kapusta did not do so, to wit, his constant  
9 moving prompted by the financial burden of medical treatment for  
10 cancer. Moreover, it would not be arbitrary for the Patent  
11 Office to take into account the time and effort that it took for  
12 Kapusta seek out and retain new counsel in order to file a  
13 petition to revive the application.

14 Gale presses that the standard for demonstrating that delay  
15 is unavoidable is high. It cites, for example, the Patent  
16 Office's own manual, which states that "'unavoidable' delay is  
17 the epitome of 'unintentional' delay." Manual of Patent  
18 Examining Procedure ("MPEP") 711.03(c)(II)(C)(2). Gale also  
19 notes that a finding of unavoidable delay requires the patent  
20 applicant to have exercised the care and diligence "generally  
21 used and observed by prudent and careful men in relation to  
22 their most important business." Futures Tech., Ltd. v. Quigg,  
23 684 F.Supp. 430, 431 (E.D. Va. 1988). However, the demanding  
24 nature of this standard also suggests that on those seemingly  
25 rare occasions when the Patent Office deems it appropriate to  
26 excuse an applicant's delay as unavoidable, a court should be

1 reluctant to second-guess that decision. Even if this court  
2 were to disagree as to whether Kapusta's delay was truly  
3 unavoidable, that is not the issue before the court. Rather,  
4 the issue is whether the Patent Office's actions were arbitrary,  
5 capricious, or an abuse of discretion, which is not the case  
6 here.

## 7 **2. Inequitable Conduct**

8 Finally, Gale argues that the '663 patent is unenforceable  
9 because of Kapusta's allegedly inequitable conduct. Gale  
10 alleges that Kapusta's inequitable conduct stems from both (1)  
11 the fact that he had been receiving royalty payments during the  
12 pendency of his application without revealing the same to the  
13 Patent Office and (2) that he allegedly submitted false  
14 affidavits asserting his delay was unavoidable. According to  
15 Gale, Kapusta intentionally—rather than unavoidably—delayed  
16 seeking revival of his application until the entry of a  
17 competing product in the market and the resulting loss of  
18 royalty payments.

19 Patent applicants must prosecute patent applications with  
20 candor, good faith, and honesty. Bristol-Myers Squibb Co. v.  
21 Rhode-Poulenc Rorer, Inc., 326 F.3d 1226, 1233 (Fed. Cir. 2003).  
22 A finding of inequitable conduct may be demonstrated by showing  
23 that the patent applicant (1) failed to disclose material  
24 information—thereby breaching this duty—and (2) had an intent  
25 to deceive the Patent Office. Bristol-Myers Squibb Co., 326  
26 F.3d at 1233. A court may balance these elements against one

1 another such that a strong showing of materiality permits a  
2 somewhat weaker showing of intent. Id. at 1234.

3 Information is material if there is a substantial  
4 likelihood that a reasonable examiner would consider it  
5 important in deciding whether to allow an application to issue  
6 as a patent.<sup>4</sup> Dayco Prods., Inc., v. Total Containment, Inc.,  
7 329 F.3d 1358, 1363 (Fed. Cir. 2003) (internal quotations  
8 omitted). Information may be material even if its disclosure  
9 would not have rendered the invention unpatentable. Digital  
10 Control, Inc. v. Charles Mach. Works, 437 F.3d 1309, 1318 (Fed.  
11 Cir. 2006). In other words, there is no requirement of "but  
12 for" causation.

13 Evidence of intent to deceive is usually inferred from the  
14 patentee's overall conduct, and direct evidence of intent is not  
15 required. Ulead Sys., 351 F.3d at 1146. Nevertheless, intent  
16 to deceive may not be inferred simply based upon information  
17 that was in existence at the time of patent prosecution but not  
18 disclosed to the examiner. C.R. Bard, Inc. v. M3 Sys., Inc.,  
19 157 F.3d 1340, 1365 (Fed. Cir. 1998).

20 The party claiming inequitable conduct must meet the heavy  
21 burden of proving the materiality and intent elements with clear  
22 and convincing evidence. Bristol-Myers Squibb Co., 326 F.3d at

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23  
24 <sup>4</sup> The standard for materiality changed slightly in 1992, but  
25 the relevant standard for purposes here is the one noted. See  
26 Ulead Sys. Inc. v. Lex Computer & Mgmt. Corp., 351 F.3d 1139, 1145  
(Fed. Cir. 2003) (applying the standard of inequitable conduct in  
place when the alleged conduct occurred).

1 1233. Moreover, these elements are questions of fact often  
2 inappropriate for resolution at summary judgment. See Ulead  
3 Sys., 351 F.3d at 1146 (reversing finding of inequitable conduct  
4 on summary judgment where sworn statements indicated absence of  
5 intent); Baker Oil Tools, Inc. v. Geo Vann, Inc., 828 F.2d 1558,  
6 1583 (Fed. Cir. 1987) ("If the facts of materiality or intent  
7 are reasonably disputed, the issue is not amenable to summary  
8 disposition."); Scripps Clinic & Research Foundation v.  
9 Genentech, Inc., 927 F.2d 1565, 1583 (Fed. Cir. 1991) (denying  
10 summary judgment as to inequitable conduct).

11 Here, there is a genuine dispute regarding whether  
12 Kapusta's non-disclosure of his financial information was  
13 material to the ultimate issuance of the patent. While it is  
14 true that the Patent Office initially requested this  
15 information, it is equally true that the Office subsequently  
16 decided to grant his renewed petition without it. It appears  
17 that the only reason that the Patent Office requested Kapusta's  
18 financial information was because he suggested that his finances  
19 were to blame for the unavoidable delay; once Kapusta clarified  
20 that his financial woes were only indirectly responsible, the  
21 financial information fell out of issue. While Gale need not  
22 prove that but for Kapusta's non-disclosure, the patent would  
23 not have issued, the Office's decision to grant the renewed  
24 petition—blind to Kapusta's financials—is probative of the  
25 importance of the undisclosed information in the materiality  
26 analysis.

1       Of course, this does not foreclose the possibility that a  
2 reasonable examiner would have found the financial information  
3 "important" for a wholly unrelated reason. Dayco Prods., 329  
4 F.3d at 1363. Admittedly, in the usual case, a patent  
5 applicant's renewed interest in the abandoned application upon  
6 the threatened end of royalty payments would be of significant  
7 interest to an examiner. MPEP § 711.03(c)(II)(D), 700-193  
8 ("[D]elaying the revival of an abandoned application, by a  
9 deliberately chosen course of action, until the industry or a  
10 competitor shows an interest in the invention is the antithesis  
11 of an 'unavoidable' or 'unintentional' delay."). However, given  
12 the facts in this situation, the financial information might not  
13 be important, because it would not necessarily undercut  
14 Kapusta's other proffered excuses for delay, such as his cancer  
15 and the death of his attorney. Although a close issue, there is  
16 a genuine dispute regarding whether Kapusta's financial  
17 information was material, making summary judgment inappropriate.

18       In addition, the issue of whether Kapusta had the requisite  
19 intent to deceive the Patent Office also remains a genuine issue  
20 of material fact. The intent to mislead does not require direct  
21 evidence and may be inferred from the facts and surrounding  
22 circumstances. Bristol-Myers, 326 F.3d at 1239. As support,  
23 Gale points to the fact that Kapusta only sought to revive his  
24 application after learning of a competing and potentially  
25 infringing product in the market. To be sure, the fact that  
26 Kapusta wrote the phone number for the Patent Office on the same

1 envelope that carried the message in which Lemco (Kapusta's  
2 manufacturer/distributor) informed him of a competing product  
3 lends support to an inference that his subsequent actions were  
4 motivated by the entry of a market competitor. However, on  
5 summary judgment, the court draws all reasonable inferences in  
6 favor of the nonmoving party.

7 Furthermore, it could also be true, as the Patent Office  
8 apparently believed, that the reasons for Kapusta's delay were  
9 his medical condition and the ensuing problems that flowed from  
10 that. See Petition for Revival & Renewed Petition, Exhs. B & D  
11 of Simonis Decl. Accordingly, Kapusta's non-disclosure of  
12 financial information could have simply been based upon grounds  
13 that it was irrelevant—an explanation that is "not on its face  
14 implausible." Dayco Prods., 329 F.3d at 1367 ("[I]nequitable  
15 conduct requires not intent to withhold, but rather intent to  
16 deceive. Intent to deceive cannot be inferred simply from the  
17 decision to withhold the [information] where the reasons given  
18 for the withholding are plausible.").

19 In sum, Gale has not met its burden of proving by clear and  
20 convincing evidence that the undisclosed financial information  
21 was material, given the other proffered and accepted reasons for  
22 delay, or that Kapusta had the requisite intent to deceive the  
23 Patent Office, in light of the other reasons for non-disclosure  
24 of the information.

#### 25 CONCLUSION

26 Plaintiff's motion for summary judgment of infringement is

1 GRANTED.


2 Plaintiff's motion for summary judgment of no invalidity  
3 under 35 U.S.C. § 103(a) is DENIED.

4 Plaintiff's motion for summary judgment of no invalidity  
5 under 35 U.S.C. § 102(b) is GRANTED in part and DENIED in part.

6 Defendant's motion for summary judgment of patent  
7 invalidity and unenforceability is DENIED.

8 IT IS SO ORDERED.

9 DATED: October 13, 2006.

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13 LAWRENCE K. KARLTON  
14 SENIOR JUDGE  
15 UNITED STATES DISTRICT COURT  
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